



WI RURAL HOUSING

NEWSFLASH

UPDATED FORMS & INSTRUCTIONS

Wisconsin Inspection Report for Purchase of Existing Homes (Rev. 03-06-2006)

replaces all previous versions of the inspection reports used to document a property's compliance with Rural Development's thermal standards and the HUD Handbooks.

This form was substantially revised to eliminate all information on the reverse side of the form and to simplify the responses required on the front of the form. Changes were made to the inspection report in response to RD AN 4145 (1980-D) dated February 25, 2006, which explains the appraisal for-

Same forms... same look... but now take less time to complete!

mats and property inspections required by the GRH loan program.

Wisconsin Rural Development GRH Loan Application Processing Checklist

was further updated to eliminate the need for lenders to submit the seller's Real Estate Condition Report as part of the complete Offer to Purchase. Also eliminated was the requirement to submit well inspections, unless required by the appraiser.

Lenders may use an FHA roster appraiser to perform their evaluation of a private septic system. An FHA roster appraiser must note any evidence

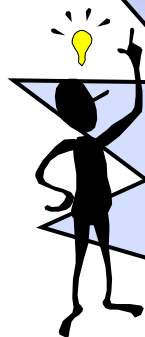
(Cont. Page 4)

HELPFUL TIP

Form RD 1980-86 "Request for Reservation of Funds" was updated on 12/05.

Please make sure you are completing and faxing the updated form to Rural Development prior to submitting the application file to Rural Development.

Click [here](#) if you need a copy of the updated form.



Visit our website at <http://www.rurdev.usda.gov/wi/>

for complete information on Wisconsin's GRH Loan Program.

"The USDA is an equal opportunity provider and employer."

GRH Lender Spotlight	2
USDA Rural Development Employee Spotlight	3
Loan Origination ANs Issued	3
Loss Claim AN Issued	3
Updated Forms & Instructions (cont.)	4
Frequently Asked Questions	4
New Procedure Regarding Reporting and Collection of Future Recovery	5
USDA Rural Development Local Contacts	6

Do you have a question or just want to learn more about the GRH program?

CONTACT US TODAY!

USDA Rural Development
State Office

4949 Kirschling Court
Stevens Point WI 54481

Phone:
866-GRH-3600

Fax:
715-345-7699

E-Mail:
RD_SFH_SO@wi.usda.gov





WELCOME!

**Evergreen State
Bank-Stoughton**

&

**Farmers &
Merchants Bank-
Berlin!**

USDA Rural Development is pleased to announce the addition of **Evergreen State Bank-Stoughton and Farmers & Merchants Bank-Berlin** as new approved lenders in the GRH program. They will be partners with us as we provide affordable homeownership in Wisconsin.

CONGRATULATIONS!

2005 MILLION DOLLAR GRH LENDERS!



MILLION DOLLAR LENDERS

AMCORE Bank, N.A. *(Platinum)*
American Bank & Trust Wisconsin *(Million)*
Associated Bank, N.A. *(Platinum)*
Assured Mortgage, Inc. *(Platinum)*
Bell Mortgage *(Gold)*
Bremer Bank, N.A. *(Silver)*
Citizens First Bank *(Million)*
Community Bank & Trust *(Gold)*
Community Development Bank *(Silver)*
Community Financial Group Mortgage, Inc. *(Million)*
Countrywide Home Loans *(Gold)*
Farmers & Merchants Bank (Tomah) *(Gold)*
Johnson Bank *(Gold)*
JPMorgan Chase Bank N.A. *(Platinum)*
Mortgage IT, Inc. *(Platinum)*
S&C Bank *(Million)*
State Bank of Cross Plains *(Million)*
The River Bank *(Gold)*
US Bank *(Million)*
Wells Fargo Bank N.A. *(Million)*
Westby COOP Credit Union *(Silver)*

MILLION DOLLAR ORIGINATORS (COMPANIES)

Absolute Financial Lending *(Silver)*
Arrowhead Mortgage *(Silver)*
Austin Mortgage Co. *(Gold)*
Fairway Independent Mortgage Corp. *(Gold)*
1st Mortgage Advisors *(Gold)*
Loanstar Mortgage Corporation *(Silver)*
M&I Bank *(Million)*
McMillan Mortgage *(Gold)*
Moneywise Mortgage Co. *(Silver)*
Tricor Lending *(Gold)*

MILLION DOLLAR ORIGINATORS (INDIVIDUALS)

Brent Straka (Tricor Lending) *(Million)*
Dave Thoreson (Advisor's Mortgage, LLC) *(Gold)*
Denise Bangart (Community Bank & Trust) *(Silver)*
Eleanor Fritsche (Countrywide Home Loans) *(Silver)*
Howard Boatman (Community Development Bank) *(Million)*
Jeff Rogness (Wells Fargo Bank N.A.) *(Million)*
Karen Wampler (Fairway Independent Mortgage Corp.) *(Silver)*
Kate Amdahl (Beacon Mortgage) *(Million)*
Kerry Pomplun (1st Mortgage Advisors) *(Million)*
Kristi Hoag (Farmers & Merchants Bank-Tomah) *(Gold)*
Laura Leonhard (Mortgage Experts) *(Gold)*
Linda Zwicker (Assured Mortgage, Inc.) *(Gold)*
Pam Kreul (American Bank & Trust Wisconsin) *(Million)*
Piper Beuthling (Arrowhead Mortgage) *(Silver)*
Scott Thomas (Assured Mortgage, Inc.) *(Gold)*
Sharon Phillips (AMCORE Bank, N.A.) *(Silver)*
Sherry Zickert (US Bank) *(Million)*

What Do the Award Levels Mean?

Platinum-Over \$5 Million in 2005
Gold-\$2 Million to \$5 Million in 2005
Silver-\$1 Million to \$2 Million in 2005
Million-New Million Dollar Lender in 2005



Welcome to Menomonie

CONGRATULATIONS

Brian Hudson

(Rural Development Loan Specialist)

on your relocation to the
Menomonie Local Office from the
Viroqua Local Office

LOAN ORIGATION ANs ISSUED

On February 25, 2006, RD AN 4145, Existing Dwelling Inspection Requirements: Acceptable Origination Appraisal Forms, was issued to replace RD AN 4114 with the same title. This AN clarifies the role of the lender's underwriter, the required property inspections, and the appraisal formats accepted for the GRH loan program.

On February 1, 2006, RD AN 4143, Conditional Commitment for Loan Note Guarantee Proposed New Construction, was issued to clarify the expiration date of the Conditional Commitment when new construction is involved.

On January 31, 2006, RD AN 4134, Refinancing of Single Family Housing Guaranteed Loans, was issued to replace AN 4026 with the same title. This AN provides guidance to lenders on refinancing existing GRH loans with a new GRH loan.

On January 31, 2006, RD AN 4137, Refinancing of Section 502 Direct Loans with Section 502 Guaranteed Loans, was issued to replace AN 4027 with the same title. This AN provides guidance to lenders on refinancing existing Direct 502 loans with the GRH loan program.

LOSS CLAIM AN ISSUED

On February 1, 2006, RD AN 4138, Loss Claim and Future Recovery Processing, was issued to replace RD AN 4109 with the same title. This AN includes an updated Microsoft Excel workbook which includes the Loss Claim Input Worksheet, Future Recovery Calculator, and the Additional Recovery Calculator.

UPDATED FORMS & INSTRUCTIONS (cont. from page 1)

of system failure, the separation distances between the well and septic system, and whether the separation distances meet HUD guidelines (or state well codes). Lenders are responsible for determining the decent, safe, and sanitary condition of the property through the use of inspections from qualified individuals, including FHA roster appraisers.

At a minimum, a lender's underwriter must obtain a septic evaluation from a licensed professional in the following situations:

- The FHA roster appraiser requires (or recommends) it as a condition of the appraisal.
- An appraiser who is not an FHA roster appraiser has completed the appraisal for the lender.
- The property being appraised is vacant or REO.

Agency required repairs will be limited to those necessary to meet Rural Development Thermal Standards and the current HUD Handbooks. The lender's underwriter will be responsible for determining what other repairs (if any) are needed to ensure that their low and moderate income customers become successful home owners. Refer to the recently updated **GRH Originator's Manual** for more information on required property inspections.

The forms described above and the Administrative Notices (ANs) referenced in this newsletter will soon be available soon in the "What's New?" folder at the GRH Loan Origination and Servicing Handbook website. The internet address for this folder is:

<http://www.rurdev.usda.gov/wi/programs/rhs/sfhq/handbook/new.htm>

FREQUENTLY ASKED QUESTIONS

Q: Can GRH approve a "Spouse Only" loan?

A: Yes, you could do a "spouse only" loan. But, since they are married (Wisconsin being a marital property State) the non-applicant's debts would also need to be included in the applicant's total debt ratio.

You would also need the non-applicant's VOE and paystub for income compliance.



Q: Can a GRH loan be approved to purchase a property that was once a manufactured home, but now, due to extensive remodeling and additions, it appears to be constructed like a stick built home?

A: No—The financing of an existing manufactured home is not allowed by our regulations unless the home is already financed by the Agency. If any portion of the original manufactured home's structure or frame remains, it would most likely be identified as an existing manufactured home by the appraiser.

Q: When does the cost approach section on page 3 of the URAR need to be done?

A: The subject property's site value

must be indicated on all appraisals for new or existing homes. The cost approach section must be completed in its entirety when the dwelling is less than one year old.

Q: Why does Rural Development require the original, signed copy of Form RD 1980-21, "Request for Single Family Housing Guarantee"?

A: When making application for a GRH loan, the Borrowers sign Form RD 1980-21, making certain representations and certification, including acknowledgment of their responsibility for any monetary loss that may occur in the case of default.

Should the Agency exercise its option to pursue collection and recovery from the Borrower under the Debt Collection Act (DCIA) for any loss that has been reimbursed to the lender, the original Form RD 1980-21, signed by the Borrowers in ink, will be required by the provisions of the DCIA.

Do you have a GRH question that you need answered and you think might benefit others using the GRH Program?

Please send your question to RD.SFH.SO@wi.usda.gov for a quick answer and to have the question included in a future newsletter.



NEW PROCEDURE REGARDING REPORTING AND COLLECTION OF FUTURE RECOVERY

When a Real Estate Owned (REO) remains unsold at the end of the marketing period, a loss claim is paid based upon an anticipated sales price (Estimated Net Recovery, or ENR).

It is the lender's responsibility to report the eventual sale of the REO and pay future recovery, if due.



New automation implemented in February 2006, will allow our Centralized Servicing Center (CSC) in St. Louis MO, to receive sales information on all ENR Claims paid, regardless of whether the ENR Claim was processed and paid through CSC on a centralized basis, or through the local Rural Development State Office.

CSC will now be responsible for the following on all ENR Claims:

- Follow up with all lenders to obtain information confirming the REO sale;
- Input the information into the "Guaranteed Loan System" (GLS); and
- Collect any Future Recovery due from the Lender.

Lenders are responsible for reporting the sale of REO for which an ENR Claim was paid, to CSC, within 30 days of the date of the sale. Lender will report the sale through use of the Future Recovery Calculator (RD AN 4138, Exhibit D), and supportive documentation such as a HUD-1. These documents should be clearly identified with the borrower name, state and case number, and forwarded to CSC by one of the following methods:

- FAX: (314) 206-2873
- ELECTRONIC TRANSMISSION:
guaranteed.servicing@stl.rural.usda.gov
- PRIORITY MAIL:
Centralized Servicing Center – USDA Rural Development
1520 Market Street, FC-225
St. Louis MO 63103

This new centralized process is effective on all ENR Claims paid on or after February 7, 2006.

Detailed information on loss claims and future recovery can be found in the new RD AN 4138, "Loss Claim and Future Recovery Process", dated February 1, 2006.

USDA RURAL DEVELOPMENT LOCAL OFFICE CONTACTS

ASHLAND OFFICE

Ashland, Bayfield, Iron & Price Counties
Iris Sanford (Rural Development Manager)
715-682-9117 Ext. 4
RD.Ashland@wi.usda.gov

BARRON OFFICE

Barron, Polk & Rusk Counties
Cora Schultz (Rural Development Manager)
715-537-5645 Ext. 4
RD.Barron@wi.usda.gov

BLACK RIVER FALLS OFFICE

Buffalo, Eau Claire, Jackson, Monroe & Trempealeau Counties
Janeen Folgers (Rural Development Manager)
715-284-4515 Ext. 4
RD.BlackRiverFalls@wi.usda.gov

DODGEVILLE OFFICE

Dane, Grant, Green, Iowa & Lafayette Counties
Jay Jones (Rural Development Manager)
608-935-2791 Ext. 4
RD.Dodgeville@wi.usda.gov

ELKHORN OFFICE

Kenosha, Racine, Rock, & Walworth Counties
Tony Gates (Rural Development Manager)
262-723-3216 Ext. 4
RD.Elkhorn@wi.usda.gov

FOND DU LAC OFFICE

Calumet, Fond du Lac, Green Lake, Manitowoc, Sheboygan & Winnebago Counties
Jo Ann Tyree (Rural Development Manager)
920-907-2976 Ext. 4
RD.FondduLac@wi.usda.gov

MENOMONIE OFFICE

Chippewa, Dunn, Pepin, Pierce & St. Croix Counties
Tom McCarthy (Rural Development Manager)
715-232-2614 Ext. 4
RD.Menomonie@wi.usda.gov

PORTAGE OFFICE

Adams, Columbia, Juneau, Marquette & Sauk Counties
Julie Giese (Rural Development Manager)
608-742-5361 Ext. 4
RD.Portage@wi.usda.gov

RHINELANDER OFFICE

Florence, Forest, Langlade, Lincoln, Oneida & Vilas Counties
Dave Schwobe (Area Director)
715-362-5941 Ext. 4
RD.Rhineland@wi.usda.gov

SHAWANO OFFICE

Brown, Door, Kewaunee, Marinette, Menomoninee, Oconto, Outagamie & Shawano Counties
Donna Huebner (Rural Development Manager)
715-524-8522 Ext. 4
RD.Shawano@wi.usda.gov

SPOONER OFFICE

Burnett, Douglas, Sawyer & Washburn Counties
Ida Moltzen (Rural Development Manager)
715-635-8228 Ext. 4
RD.Spooner@wi.usda.gov

STEVENS POINT OFFICE

Clark, Marathon, Portage, Taylor, Waupaca, Waushara & Wood Counties
Sharon Olson (Rural Development Manager)
715-346-1313 Ext. 4
RD.StevensPoint@wi.usda.gov

VIROQUA OFFICE

Crawford, La Crosse, Richland & Vernon Counties
Susan Weber-Johnson (Rural Development Manager)
608-637-2183 Ext. 4
RD.Viroqua@wi.usda.gov

WEST BEND OFFICE

Dodge, Jefferson, Ozaukee, Washington & Waukesha Counties
Bob Strunz (Rural Development Manager)
262-335-6850
RD.WestBend@wi.usda.gov

RURAL DEVELOPMENT STATE OFFICE

ALL Counties
866-474-3600
RD.SFH.SO@wi.usda.gov



WISCONSIN INSPECTION REPORT FOR PURCHASE OF EXISTING HOMES

LENDER'S NAME/ADDRESS _____

BORROWER'S NAME (S) _____

SECURITY ADDRESS _____

YES _____ NO _____ The dwelling meets Wisconsin Rural Development's Thermal Standards:
(The following items must be checked. If an area is not accessible, inspectors may assume compliance with these standards.)

- Ceilings have been insulated to R-38 where accessible.
- All windows have storms or at least 2 layers of glass. Dwelling has storm doors or insulated doors on all entrances.
- The band joist (sill boxes) have been insulated to R-20.
- Heat ducts in unheated crawl spaces have been insulated (if applicable). All accessible crawl space area must have a vapor barrier covering the ground.
- Wall cavities will not be opened, therefore, additional wall insulation is not economically feasible.

YES _____ NO _____ The dwelling meets HUD's minimum property standards for existing dwellings as outlined in HUD Handbooks 4150.2 and 4905.1. (HUD handbooks and forms can be downloaded over the Internet at <http://www.hudclips.org> or obtained by calling 1-800-767-7468)

If no, what repairs are needed?

Date: _____ Inspected by: _____

Date all repairs were completed: _____ Inspected by: _____



GRH LOAN PRE-APPROVAL PROCESSING CHECKLIST

In order to provide a timely and accurate response to your pre-approval request, please provide the following information to Rural Development with all pre-approval submissions. Incomplete requests will be suspended pending receipt of any missing information.

- _____ **Request for Single Family Housing Loan Guarantee**, Form RD 1980-21 (Rev. 1/03). Signed by Lender and Applicant(s). Original must be submitted to Rural Development.
- _____ Lender's loan application (FNMA Form 1003 or equivalent) with CAIVRS access codes and Good Faith Estimate.
- _____ **Residential Mortgage Credit Report (RMCR) or Tri-Merged Infile Credit Report.**
- _____ **Certification Regarding Debarment**, Form AD 1048 (Rev.8/93). Signed by Applicant(s).
- _____ **Verification of Employment** and one recent paystub OR telephone employment verification with 30 days of paystubs and 2 years W2's. All Household income must be verified.
- _____ Verification of Other Household Income (child support, alimony, SSI, etc.) with the most recent 12 month payment history. (as applicable)
- _____ Verification of Self - Employment Income and Unemployment Compensation. Provide two years income tax records and year to date earnings (profit & loss) information. (as applicable)
- _____ **Uniform Underwriting Transmittal Summary.** Signed by the Underwriter (FNMA Form 1008 or equivalent) with loan approval conditions.
- _____ **Waiver Request**, if applicable from Underwriter (credit, ratios, payment shock).
- _____ Verification of Other Liabilities such as child support, alimony, land contracts, etc. (as applicable)
- _____ Copy of Divorce Decree or Bankruptcy Schedules. (as applicable)



WISCONSIN RURAL DEVELOPMENT GUARANTEED RURAL HOUSING LOAN APPLICATION PROCESSING CHECKLIST

PRIOR TO SUBMITTING A STANDARD APPLICATION:

- _____ **Reservation of Funds**, Form RD 1980-86 (Rev. 12/05). Signed by Lender.
Fax to Rural Development prior to submitting Application.

STANDARD APPLICATION:

- _____ **Request for Single Family Housing Loan Guarantee**, Form RD 1980-21 (Rev. 1/03).
Signed by Lender and Applicant(s). Original must be submitted to Rural Development.
- _____ **CAIVRS** code for each applicant.
- _____ **Certification Regarding Debarment**, Form AD 1048 (Rev.8/93). Signed by Applicant(s).
- _____ **Uniform Residential Loan Application**. Signed by Applicant(s) and Lender.
- _____ **Residential Mortgage Credit Report (RMCR) or Tri-Merged Infile Credit Report.**
- _____ **Verification of Employment** and one recent paystub OR telephone employment verification
with 30 days of paystubs and 2 years W2's. All Household income must be verified.
- _____ **Uniform Underwriting Transmittal Summary**. Signed by the Underwriter (FNMA Form 1008
or equivalent) with loan approval conditions.
- _____ **Waiver Request**, if applicable from Underwriter (credit, ratios, payment shock).
- _____ **Verification of Rent**, if not on credit report (N/A if middle credit score exceeds 660).
- _____ **Good Faith Estimate**.
- _____ **Copy of Divorce Decree or Bankruptcy Schedules** (as applicable).
- _____ **URAR Appraisal Report** with clear photographs.
- _____ **Purchase Agreement with Amendments**.
- _____ **Septic Inspection Report** (as applicable).
- _____ **Safe Water Test for Bacteria and Nitrates** (as applicable).
- _____ **Flood Hazard Determination Certification**.
- _____ **Home Buyer Education Completion Certificate** (1st time buyers only).

PURCHASE OF AN EXISTING HOME

- _____ **Wisconsin Inspection Report for Purchase of Existing Homes** (Rev. 01/01/02 or later).
- _____ **Site Survey** (as applicable).
- _____ **Repair Estimates** (as applicable).

PURCHASE OF A NEW HOME -- PURCHASE CONTRACT -- CONSTRUCTION CONTRACT **

OR NEW MANUFACTURED HOME **

- _____ **Marshall and Swift Cost Approach Appraisal**.
- _____ **Certification of Completion by the Appraiser** (as applicable).
- _____ **Purchase Contract or Bid for Construction Contract from Approved Manufactured
Home Dealer**.

**** Refer to the Originator's Manual for information on Agency required documentation including Plan Certifications,
Construction Inspections and Builder's Warranty that must be retained in the lender's file.**

Note: You can print your own Rural Development forms by visiting our web site at:

<http://www.rurdev.usda.gov/wi/programs/rhs/sfhg/handbook/originating/index.htm>